

## § 40.407

### § 40.407 Extension of coverage of bond.

An extension of the coverage of bond filed under this subpart shall be manifested on TTB Form 2105 (5000.7), Extension of Coverage of Bond, by the manufacturer of cigarette papers and tubes and by the surety on the bond with the same formality and proof of authority as required for the execution of the bond.

(72 Stat. 1421; 26 U.S.C. 5711)

### § 40.408 Approval of bond and extension of coverage of bond.

No person shall commence operations under any bond, nor extend operations, until such person receives from the appropriate TTB officer notice of approval of the bond or an appropriate extension of coverage of the bond required under this subpart. Upon receipt of an approved bond or extension of coverage of bond from the appropriate TTB officer, such bond or extension of coverage of bond shall be retained by the manufacturer of cigarette papers and tubes in factory and shall be made available for inspection by any TTB officer upon request.

(72 Stat. 1421; 26 U.S.C. 5711)

### § 40.409 Termination of liability of surety under bond.

The liability of a surety on any bond required by this subpart shall be terminated only as to operations on and after the effective date of a superseding bond, or the date of approval of the discontinuance of operations by the manufacturer of cigarette papers and tubes, or otherwise in accordance with the termination provisions of the bond. The surety shall remain bound in respect of any liability for unpaid taxes, penalties and interest, not in excess of the amount of the bond, incurred by the manufacturer while the bond is in force.

(72 Stat. 1421; 26 U.S.C. 5711)

### § 40.410 Release of pledged securities.

Securities of the United States pledged and deposited as provided in § 40.403 shall be released only in accordance with the provisions of 31 CFR part 225. Such securities will not be released by the appropriate TTB officer until li-

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ability under the bond for which they were pledged has been terminated. When the appropriate TTB officer is satisfied that they may be released, the appropriate TTB officer shall fix the date or dates on which a part or all of such securities may be released. At any time prior to the release of such securities, the appropriate TTB officer may extend the date of release for such additional length of time as is deemed necessary.

(61 Stat. 650, 72 Stat. 1421; 31 U.S.C. 9301, 9303; 26 U.S.C. 5711)

## OPERATIONS BY MANUFACTURERS

### *Records*

### § 40.421 General.

(a) Every manufacturer of cigarette papers and tubes must keep records of daily operations and transactions. Records maintained must reflect the date and number of cigarette papers and the date and number of cigarette tubes:

- (1) Manufactured;
- (2) Received, without payment of tax from another factory, an export warehouse, customs custody, or by withdrawal from the market;
- (3) Removed, subject to tax;
- (4) Removed, without payment of tax, for export purposes, use of the United States or transfer in bond pursuant to § 40.451; or
- (5) Lost or destroyed.

(b) The entries for each day in the records maintained or kept under this subpart must be made by the close of the business day following that on which the operations or transactions occur. No particular form of records is prescribed, but the information required must be readily ascertainable from the records kept.

(c) Records maintained under this section prior to January 1, 2000, must reflect the date and number of books or sets of cigarette papers of each different numerical content and the date and number of cigarette tubes.

(26 U.S.C. 5741.)

[T.D. ATF-240, 64 FR 71941, Dec. 22, 1999]

## Alcohol and Tobacco Tax and Trade Bureau, Treasury

## § 40.433

### *Reports*

#### **§ 40.422 General.**

Every manufacturer of cigarette papers and tubes must prepare a report on TTB Form 5230.3 in accordance with instructions for the form. The report must be prepared at the times specified in this subpart and must be prepared whether or not any operations or transactions occurred during the period covered by the report. The manufacturer must retain a copy of each report in accordance with the provisions of this subpart.

(a) *Reports for periods on or after January 1, 2000.* Reports submitted must reflect the total number of cigarette papers and cigarette tubes manufactured, received and lost or destroyed.

(b) *Reports for periods prior to January 1, 2000.* Reports submitted must reflect the number of books or sets of cigarette papers of each different numerical content and the number of cigarette tubes manufactured, received, removed and lost or destroyed.

(26 U.S.C. 5722)

[T.D. ATF-240, 64 FR 71942, Dec. 22, 1999]

#### **§ 40.423 Opening.**

An opening report, covering the period from the date of the opening inventory to the end of the month, shall be made on or before the 10th day following the end of the month in which the business was commenced.

(72 Stat. 1422; 26 U.S.C. 5722)

#### **§ 40.424 Monthly.**

A report for each calendar month shall be made on or before the 20th day of the next succeeding month.

(72 Stat. 1422; 26 U.S.C. 5722)

#### **§ 40.425 Special.**

A special report, covering the unreported period to the day preceding the date of any special inventory required by an appropriate TTB officer, shall be made with such inventory. Another report, covering the period from the date of the special inventory to the end of the month, shall be made on or before the 14th day following the end of the

month in which the inventory was made.

(72 Stat. 1422; 26 U.S.C. 5722)

#### **§ 40.426 Closing.**

A closing report, covering the period from the first of the month to the date of the closing inventory, shall be made with such inventory.

(72 Stat. 1422; 26 U.S.C. 5722)

### *Inventories*

#### **§ 40.431 General.**

Every manufacturer of cigarette papers and tubes must provide a true and accurate inventory on TTB Form 5230.2 in accordance with instructions for the form. Such inventory is subject to verification by the appropriate TTB officer. The manufacturer must retain a copy of each inventory completed on TTB Form 5230.2 in accordance with this subpart.

(a) *Reports of inventory for periods on or after January 1, 2000.* Reports of inventory submitted must reflect the total number of cigarette papers and cigarette tubes held at the times specified in the subpart.

(b) *Reports of inventory for periods prior to January 1, 2000.* Reports of inventory submitted must reflect the number of books or sets of cigarette papers of each different numerical content and the number of cigarette tubes held at the times specified in this subpart.

(26 U.S.C. 5721)

[T.D. ATF-240, 64 FR 71942, Dec. 22, 1999]

#### **§ 40.432 Opening.**

An opening inventory shall be made by the manufacturer of cigarette papers and tubes at the time of first commencing business.

(72 Stat. 1422; 26 U.S.C. 5721)

#### **§ 40.433 Special.**

A special inventory shall be made by the manufacturer of cigarette papers and tubes when required by the appropriate TTB officer.

(72 Stat. 1422; 26 U.S.C. 5721)